

| Pre-award Audit Checklist | | | | | |
|--|---|--|--------------------------|---|------------------------|
| Purpose: In accordance with 2 CFR Part 230, SCDE as the pass through entity will ensure that it maintains effective control over and accountability for all funds awarded to sub recipients. Grantees need adequate financial management systems to ensure that grants are used for intended purposes and in accordance with regulations. | | | | | |
| Objective: In an effort to assure prudent management of federal and state grant funds, the Office of Auditing Services will conduct onsite pre-award audits to evaluate the applicant's financial management systems and internal controls and provide an opinion to the agency's program managers on the applicant's capacity for managing the potential grant award. This assessment of the grant applicant's financial capability will provide management with confidence that grantees have, or will have, the required financial systems and allow management to plan the proper level of grant oversight. | | | | | |
| | Requirement | Documents/Evidence | Notes and Considerations | In my opinion the results are: | Comments During Review |
| A) Organization | | | | | |
| | The board and management of the entity have established and maintained a positive control environment. | *Review responses to any prior audits or reviews *Perform internet search entity to gauge public reputation | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity has not been suspended or debarred from receiving state or federal funds. | *Review listings at sam.gov *Review state debarment status at mmo.sc.gov | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The applicant does not have any outstanding audit findings that remain unresolved. | *Review most recent financial report including the management letter | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity has adequate cash to meet its obligations and matching requirements prior to reimbursement of grant funds. | *Review Balance Sheet *Review Statement of Cash Flows *Review notes to the financial statements to determine if potential financial problems have been disclosed | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Employees and other individuals in positions of trust are covered by adequate fidelity bond coverage. | *Review Insurance Policy related to this coverage and the amount of coverage per employee | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

| | <u>Requirement</u> | <u>Documents/Evidence</u> | <u>Notes and Considerations</u> | <u>In my opinion the results are:</u> | <u>Comments During Review</u> |
|-----------------------------|--|--|---------------------------------|---|-------------------------------|
| | The organization maintains adequate general liability insurance coverage. | *Review insurance policy related to this coverage | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity has trained, experienced staff to manage the grant award. | *Inquire of experience and review resumes or equivalent document that displays prior experience. | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity's management is aware of regulations and policies governing the award (for example, 34 CFR part 74, 2 CFR Part 230, program regulations, etc.) | *Inquire of entity management *Review of policies and procedures manuals. *Review attendance at technical assistance sessions, if applicable | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The official entity name associated with the federal tax identification number is the same name and number listed on the grant application. | *Review W-9 and confirmation of federal tax identification information | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| B) Internal Controls | | | | | |
| | The entity has written policies and procedures related to Procurement, Contract Administration, Payroll and Timekeeping, Travel, Equipment, Inventory, Vendor Payments, and Grants and Budget Accounting, Supplanting, Maintenance of Effort, Allowable Costs, and Indirect Costs. | *Review applicable procedure manuals | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Information contained in the policies and procedures has been properly shared with staff and staff is knowledgeable and properly trained on those policies and procedures. | *Inquire of staff *Review statements signed by employees acknowledging understanding of the policies | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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|--|--|---|---------------------------------|---|-------------------------------|
| | Appropriate authorization levels exist for expenses above a specified level, equipment acquisition, etc. | *Review applicable procedures *Inquire of management | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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|--|--|---|---------------------------------|---|-------------------------------|
| | Current operating procedures provide for adequate segregation of duties between the asset receipt, custody, recording, and authorizing functions. | *Review organizational chart *Review applicable procedure manuals *Review management and board authorization levels | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Current operating procedures provide for adequate segregation of duties between the timekeeping, payroll preparation, payroll approval, and payment functions. | *Review organizational chart *Review applicable procedure manuals *Review management and board authorization levels | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Current operating procedures provide for adequate separation between the purchasing and payment functions. | *Review organizational chart *Review applicable procedure manuals *Review management and board authorization levels | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Cash receipts are promptly logged in, restrictively endorsed, properly secured, and deposited timely in an insured bank account. | *Review applicable procedure manuals *Review cash receipts log | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Bank statements are reconciled to the accounting records monthly by someone other than the individuals handling cash and maintaining accounting records. The bank statements are received directly and unopened by the person preparing the bank reconciliation. | *Review applicable procedures *Review reconciliation | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | All disbursements (except petty cash or EFT disbursements) are made by pre-numbered checks. | *Review applicable procedures *Review check register | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Checks made to "cash" and advance signing of checks are prohibited. All blank checks are secured. | * Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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| | Multiple signatures are required on checks. All voided checks are properly canceled and retained for future examination. | *Review applicable procedures. *Review voided checks. | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity has written record retention procedures that adhere to grant award requirements. | *Review applicable procedures. | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity has documented procedures for valuing matching requirements (e.g., "in-kind" contributions of property and services, calculations of levels of effort). | *Review applicable procedures *Inquire with Management | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| C) Accounting System | | | | | |
| | Both budgeted revenues and expenditures are recorded in the accounting system. | *Review accounting reports *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Access and use of the accounting system is limited to only those that have secured proper authorization. | *Review applicable procedures *Inquire with Management | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The accounting system provides for separate identification of each grant award and associated revenue and expenses. | *Review accounting reports *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Procedures are in place to ensure expenses are charged to the appropriate award or source of funding. | *Review accounting reports *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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| | Requests for payment to the grantor of funds is based upon information from the accounting system and are approved by a responsible official. | *Review accounting reports *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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| | Procedures are in place that provide reasonable assurance that distribution of charges as direct and indirect costs to all Federal programs is consistent. | *Review accounting reports *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Written cost allocation procedures for grant awards exist. | Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Adequate source documentation exists to support amount and items reported. | *Review applicable procedures *Review source documentation for a sample of transactions | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Supporting documentation is compared to a list of allowable and unallowable expenditures. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Cash management procedures that explain the timing and frequency of requests for grant cash reimbursements exist. Expenditure reports are provided timely to managers for review and appropriate action. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Adequate controls are in place to prevent over obligation of resources. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | If the entity generates program income, mechanisms are in place to ensure that program income is properly recorded as earned and deposited in the bank as collected and used in accordance with federal program requirements. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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|-------------------------------|---|--|---------------------------------|---|-------------------------------|
| D) Payroll/Timekeeping | | | | | |
| | Payrolls are supported by time and attendance or equivalent records for individual employees, including part-time employees. | *Review payroll records *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Time and attendance records are approved by the supervisor. | *Review applicable procedures *Review time and attendance records | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Where employees are expected to work on a single Federal award or cost objective, the charges for their salaries and wages are supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. | *Review applicable procedures *Review certifications | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Certifications were signed by the employee or supervisory official who has firsthand knowledge of the work performed by the employee. | *Review applicable procedures *Review certifications | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Written policies on recording time distribution for employees who work on more than one program or cost objective. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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|--|---|---|---------------------------------|---|-------------------------------|
| | Where employees work on multiple activities or cost objectives, the distribution of their salaries or wages are supported by personnel activity reports (PARs) or equivalent documentation. Where employees work on multiple activities or cost objectives, is the distribution of their salaries or wages supported by personnel activity reports (PARs) or equivalent documentation. | *Review applicable procedures *Review PARs | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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|-----------------------|--|--|---------------------------------|---|-------------------------------|
| E) Procurement | | | | | |
| | The entity conducts a cost or price analysis with each procurement action. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The applicant is aware of the clauses required by federal statutes to be included in their contracts. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | All procurement is conducted using full and open competitive procurement procedures. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Procedures are established to verify that vendors providing goods and services under the award have not been suspended or debarred from Federal procurement or contracts. | *Review applicable procedures *Review contract files | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | Conflict of interest statements are maintained for individuals with responsibility for procurement of goods and services. | *Review applicable procedures *Review conflict of interest statements | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity has procedures related to sole source procedures and maintains justifications when competitive bids or offers are not obtained. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| F) Equipment | | | | | |
| | Procedures covering the capitalization, use, management, and disposition of equipment and supplies with an aggregate value of \$5000 and above acquired with grant awards exist. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |

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|--|---|--|---------------------------------|---|-------------------------------|
| | Accurate records are maintained on all acquisitions and disposition of equipment purchased with grant awards. | *Review applicable procedures *Review a sample of records | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | A physical inventory of equipment is taken atleast once every two years and compared to property records. | *Review applicable procedures *Review inventory listing | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | The entity maintains a system of internal control that provides reasonable assurance against loss, theft, damage, or unauthorized use of equipment. | *Review applicable procedures | | <input type="checkbox"/> Satisfactory <input type="checkbox"/> Substandard <input type="checkbox"/> Deficient | |
| | | | | | |

Auditor's Overall Opinion:

Auditor's Signature

Date